



Responsible Investing

Client Update: Summer 2020

We have been very busy and so much has happened since the last report that we wanted to share some highlights from our activities over the summer.

In July and August, we've spent lots of time on issues highlighted by COVID-19, like human rights. However, taking action on climate remain top of our to-do list.

Reading the news, how could it not? Record temperatures, record storms and the splitting of Canada's last complete ice shelf showed how urgent the problem is.¹

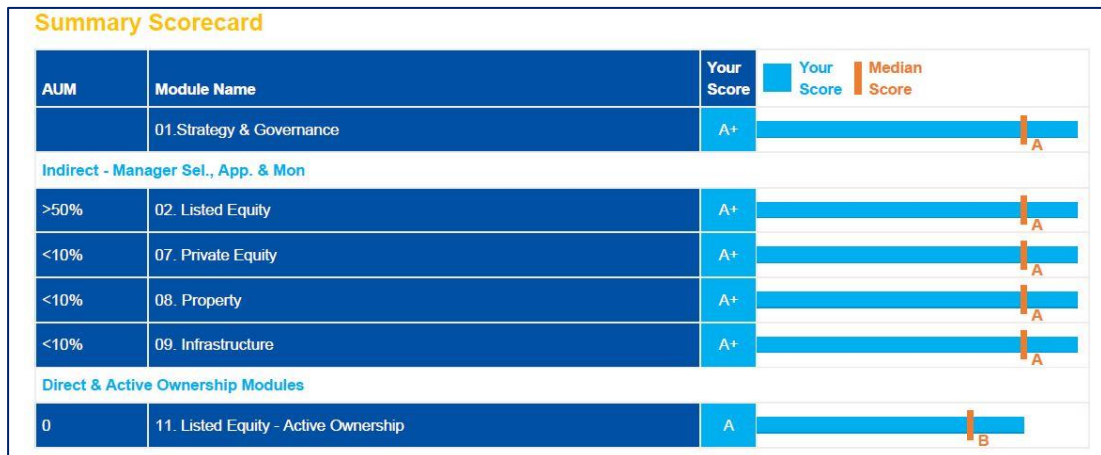
We know the partnership sees it that way, and we're excited to report on the progress that we're making. So here it is, our July-August 'top ten':



1. Amplifying our voice: IIGCC Net Zero Investment Framework

We've been working hard on this project for more than a year and, in August, the IIGCC Net Zero Investment Framework was launched. It "answers the fundamental and urgent question of what a Paris-aligned portfolio actually looks like" ([FT, Aug 5](#)). We have also [publicised the consultation](#). The framework remains central to how we approach RI and seek to influence asset owners and managers.

2. **Exam grades: UN Principles for Responsible Investment Assessment Report**
[Brunel's UNPRI scorecard](#) (no algorithm here!) showed we again beat peer averages across all categories. We were especially pleased with Private Markets – which Brunel voluntarily reported on – where we scored **A+ across all 3 areas**. PRI does not mandate reporting where you have assets of below 10%, but the area is of growing interest to clients and we believed we were delivering best practice. The assessment's basis was our [Transparency Report](#).



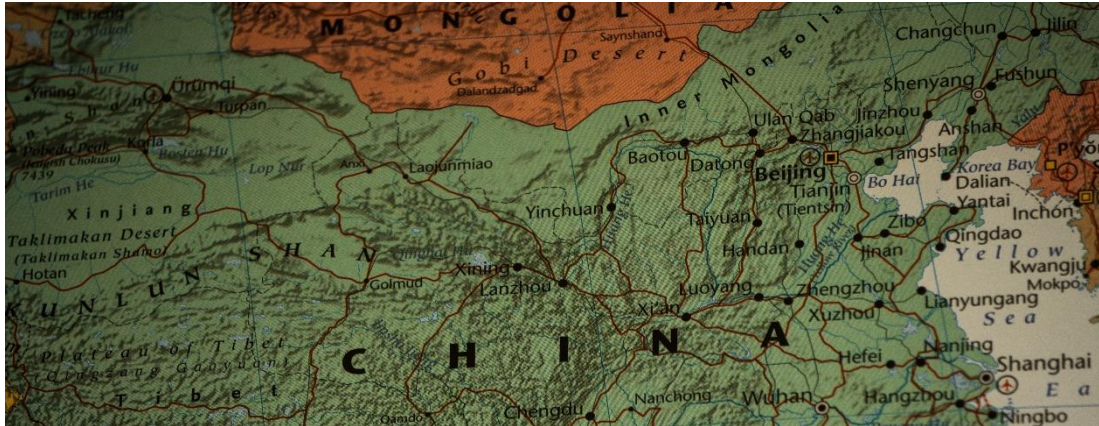
3. **Rewriting the rulebook: US Department of Labor Consultation response**
 We [wrote to express our deep concern](#) over a proposed US law on the use of ESG criteria in pension fund investing. The new rule would oblige pension funds to prove they are not sacrificing returns by focusing on ESG criteria. We received thankyou messages, particularly from US investor groups. (State Street's strong intervention [received dedicated FT coverage](#).)



4. **Free to work: MHS-UAE collaborative engagement**
 Brunel was [signatory to a letter](#) calling on 54 companies operating in the Gulf states to detail how they are protecting migrant workers, following reports of forced labour and modern-day slavery. The initiative was led by the CCLA. Institutional investors who signed represented more than \$3 trillion in assets.
5. **Role-play: SDGs - supporting UNPRI outreach**
['Sustainable Development Goals as a tool for Strategic Asset Allocation'](#) highlighted a client workshop tool used by Brunel (Aug 2020)

6. Minority report: Investor Alliance for Human Rights: Guidance on Xinjiang

Brunel welcomed the Alliance's publication of [investor guidance on Xinjiang Autonomous Region in Northwest China](#), home to the Uyghurs, and is using the guide to support its work and engagement on these themes.



7. Climate risk: Ceres (US Investor Network)

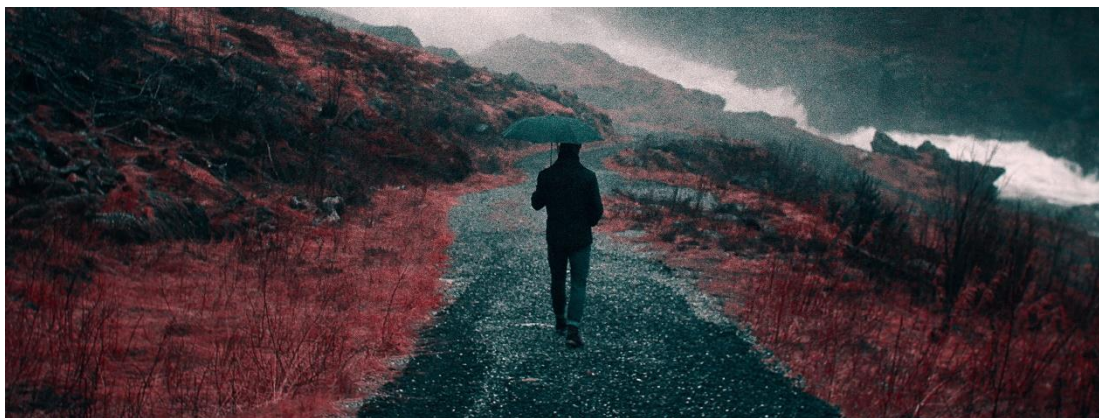
Ceres, the US investor Network featured Brunel's approach to integrating climate risk into portfolio management into a report on '[Portfolio Climate Risk Management case study](#)' (July 2020). This is an important part of our strategy to promote climate and ESG integration to investors in the US.

8. Video view: LGPS Scheme Advisory Board

Faith Ward participated in an [SAB webinar on ESG initiatives](#). Linking to the COVID-19 backdrop, Faith spoke about water and plastics (the 'E'), rising awareness of racial and health equality issues and the modern slavery challenge ('S') and overboarding, pay structures and tax ('G'). Brunel is also supporting the SAB in developing its RI A-Z, a valuable toolkit for our clients.

9. Rain check: BlackRock engagement

Following our engagement with BlackRock (previously reported), we welcomed the public stance taken over their [vote against 53 companies and putting another 244 on watch for next year for inadequate action on climate risk](#). We continue to engage on our alignment, notably in support of investor action 'Talk about Black', and in taking broader action on racial inequality.



10. Oil check: BP and decarbonisation

Federated Hermes EOS, the partnership's engagement and voting provider, has led, on behalf of Climate Action 100+ (the largest global coalition for climate engagement) engagement with BP, as well over 20 others. We were delighted to see the [recent BP announcement](#), which has given us cause for cautious optimism over decarbonisation efforts in the sector.

Press coverage

Some of our engagements and developments resulted in significant press coverage for the partnership over the summer. A few links follow.

- [Faith Ward, Responsible Investor on the Stewardship Code, climate, data, vetting managers on RI, and companies taking a look in mirror](#)
- [Laura Chappell quoted in the FT on the IIGCC net-zero initiative](#)

IIGCC:

- <https://www.fnlonon.com/articles/church-and-pensions-investors-lead-new-net-zero-co2-drive-20200805>
- <https://www.businessgreen.com/news-analysis/4018628/absolutely-critical-iigcc-launches-comprehensive-net-zero-investor-framework>
- <https://www.ipe.com/news/asset-owner-steered-project-delivers-blueprint-for-net-zero-investing/10047120.article>
- <https://www.europeanpensions.net/ep/Pension-funds-lead-the-way-with-Net-Zero-Investment-Framework.php>
- <https://www.theactuary.com/2020/08/05/worlds-first-net-zero-investment-framework-launched>
- <https://www.institutionalassetmanager.co.uk/2020/08/05/288235/institutional-investors-develop-first-framework-net-zero-investing>

Modern Slavery:

- <https://www.pionline.com/esg/investors-urge-companies-safeguard-migrant-workers>
- <https://www.ipe.com/news/esg-roundup-new-tailings-management-standard-to-improve-mining-safety/10047137.article>
- [paywall: https://www.responsible-investor.com/articles/modern-slavery-climbs-investor-agenda-as-usd3trn-begin-gulf-engagement-and-guidance-on-uyghur-is-launched](https://www.responsible-investor.com/articles/modern-slavery-climbs-investor-agenda-as-usd3trn-begin-gulf-engagement-and-guidance-on-uyghur-is-launched)
- [paywall: Investors raise concerns about migrant workers rights in Gulf](#)

Sources

1: [CNN](#), [The Economist](#), [National Geographic](#), [Colorado State University](#)

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